



OF HAWAII, INC @

November 24, 1999

Ms. Serena Meyer
The Bad Ass Coffee and Macnut Company
At Tex's Drive Inn, Honoka'a, HI
PO Box 893
Honoka'a, HI 96727

Marlin & Vicki Kelly
The Bad Ass Coffee Company
111400 Old Seward Hiway
Anchorage, AK 99503

Ms. Nancy Dennis
The Bad Ass Coffee Company
At Aloha Stadium, Honolulu, HI
PO Box 8107
Honolulu, HI 96815

Mr. Charlie Parker
The Bad Ass Coffee Company
c/o Club Bar
201 North Harbor Drive
Valdez, AK 99686

John & Lucinda Eddins
The Bad Ass Coffee Company
PO Box 1098
Kihie, Maui, HI 96753

John & Lucinda Eddins
The Bad Ass Coffee Company
PO Box 927
Lahaina, Maui, HI 96761

Kevin & Karen Pugh
The Bad Ass Coffee Company
75-5770 Alii Drive
Kailua-Kona, HI 96740

Kini Ziegner & Anna Murray, SFL, Inc.
The Bad Ass Coffee Company
1 Aloha Tower Market Place #1119
Honolulu, HI 96813

Marlin & Vicki Kelly
The Bad Ass Coffee Company
703 West Northern Lights
Anchorage, AK 99503

Mr. Mike Cetraro
The Bad Ass Coffee Company
52 North Main
Helena, MT 59601

Dear Licensee:

You have received a letter from Mr. Adam Affleck, the counsel for the bankruptcy trustee in the Royal Aloha Bankruptcy. Mr. Affleck's letter makes two important points.

1. Your license agreement with Royal Aloha has been "rejected" by operation of

bankruptcy law.

2. Bad Ass Coffee Company of Hawaii ("BACH") is the legal owner of the trademark.

You do not have the right to use the Bad Ass Coffee Co.® Trademark, to sell Bad Ass Coffee Co.® products or otherwise hold yourself out as a Bad Ass Coffee Co.® Store. Without a new agreement with BACH, which holds the trademark, you must not identify your business as a Bad Ass Coffee Co.® Store and must discontinue any sale of Bad Ass Coffee Co.® products.

As an accommodation and for a limited time, BACH will permit you to become one of its franchisees without paying an initial franchise fee. The Bad Ass Coffee Company® offering circular will shortly be available. If you wish to become a franchisee, please request and review the offering circular carefully. For a limited time, you may convert your store without paying any up-front franchise fee and without a requirement to remodel your existing store. You have until December 31, 1999, to decide whether or not you would like to convert your store to a franchise. We will be glad to work with you.

In the meantime, and solely to prevent any immediate damage to your business, BACH will allow you to continue using the names, Bad Ass Coffee Co.® and Bad Ass Coffee Company™ but only until December 31, 1999, provided that you order all Bad Ass Coffee Co.® products through BACH or its affiliate, Bad Ass Coffee Distributors, Inc., a Utah corporation, or other approved sources. You may not order any Bad Ass Coffee Co.® trademarked products from any other person or entity. Any violation of this conditional interim license by you, or by an entity that you control, will result in the immediate and automatic termination of your temporary right to continue using the names Bad Ass Coffee Co.®, Bad Ass Coffee Company™ and associated trade dress.

Please feel free to call us at any time.

Very truly your,

BAD ASS COFFEE COMPANY OF HAWAII, INC

By: *Michael Bilanzich*
Michael Bilanzich, President

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